



Economic Impact Analysis Virginia Department of Planning and Budget

9 VAC 5-40 – Regulations for the Control and Abatement of Air Pollution
Department of Environmental Quality
November 16, 2010

Summary of the Proposed Amendments to Regulation

The State Air Pollution Control Board (Board) proposes to amend its existing air pollution regulations to add new standards for the control of volatile organic compound (VOC) emissions from industrial solvent miscellaneous metal and plastic parts coating processes within the Northern Virginia VOC Emissions Control Area. The Board also proposes to update references to the Code of Federal Regulations (CFR).

Result of Analysis

Because the Department of Environmental Quality (DEQ) does not know with any degree of certainty how many entities these regulatory changes will affect, there is likely insufficient information to decide if benefits outweigh costs.

Estimated Economic Impact

Currently, the Board's air pollution control regulations do not include rules for the control of volatile organic compound (VOC) emissions from industrial solvent cleaning operations and miscellaneous industrial adhesive application processes. The Board proposes to add rules that are partially new and partially taken from the already promulgated consumer products rules. For cleaning materials, the parts of these rules that are completely new require businesses to 1) store cleaning materials and used shop towels in closed containers which are required to remain closed except when cleaners or towels are added or removed, 2) minimize spills of VOC containing cleaners, 3) move VOC containing cleaners from one place to another in closed containers or pipes and 4) clean equipment without atomizing the cleaners and capture all spent solvent in closed containers. For coatings, thinners, and coating-related waste materials,

the parts of these rules that are completely new require businesses to 1) store all VOC containing coatings, thinners, and coating-related waste materials in closed containers which are required to remain closed except when materials are being added or removed 2) minimize spills of VOC containing coatings, thinners, and coating-related waste materials and 3) move VOC containing coatings, thinners, and coating-related waste materials from one place to another in closed containers or pipes.

DEQ will incur costs associated with promulgating these new rules that include the cost of identifying and registering affected businesses. DEQ estimates that these costs will total between \$12,144 and \$48,576. Affected businesses may incur costs for potentially more expensive low VOC products and, on rarer occasions, for control equipment. DEQ estimates that these costs would add to approximately \$265 per ton of VOC but believe that these costs will be partially or completely offset by savings that businesses will see on account of decreased evaporation of their cleaning or adhesive products. In any case, the Environmental Protection Agency (EPA) is requiring Virginia to promulgate these regulations under threat of loss of highway funding so one of the benefits of this regulatory action will be the preservation of that highway funding.

Businesses and Entities Affected

DEQ reports that it is impossible to know how many businesses will be affected by these regulations. Given that the products that will be regulated have many applications, there are likely numerous businesses that will be affected. Because these rules will be new, many affected businesses will not have had to register with, or get a permit from, the Board before.

Localities Particularly Affected

Localities in the Northern Virginia non-attainment area (the counties of Arlington, Fairfax, Loudon, Prince William and Stafford as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park) will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

This regulatory action will likely have little impact on employment in the Commonwealth.

Effects on the Use and Value of Private Property

This regulatory action will likely have little effect on the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

Affected small businesses may incur costs from having to change the coating products that they use or, in rare instances, from having to purchase control equipment. DEQ believes that these costs will be offset by savings that businesses will realize from losing less product to evaporation.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There do not appear to be any alternate methods that would both further minimize costs and achieve the aims of the Board.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a

description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.